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01/06/05

Accrual Basis

CoreTel Illinois, Inc.
Profit & Loss
September 21 through December 31, 2004

	<u>Sep 21 - Dec 31, 04</u>
Net Income	<u>0.00</u>

10:57 AM
01/06/05
Accrual Basis

CoreTel Illinois, Inc.
Balance Sheet
As of December 31, 2004

	<u>Dec 31, 04</u>
ASSETS	
Other Assets	
Due To/From CoreTel Comm	<u>50.00</u>
Total Other Assets	<u>50.00</u>
TOTAL ASSETS	<u>50.00</u>
LIABILITIES & EQUITY	
Equity	
Common Stock	<u>50.00</u>
Total Equity	<u>50.00</u>
TOTAL LIABILITIES & EQUITY	<u>50.00</u>

10:58 AM

01/06/05

CoreTel Illinois, Inc.
Account Listing
12/31/04

Account	Type	Balance
Chevy Chase Checking Account	Bank	0.00
Savings Account	Bank	0.00
Accounts Receivable	Accounts Receivable	0.00
Accounts Receivable AJE	Other Current Asset	0.00
Officer Advances	Other Current Asset	0.00
Reserve for Bad Debts	Other Current Asset	0.00
Undeposited Funds	Other Current Asset	0.00
Accumulated Depreciation	Fixed Asset	0.00
Accumulated Depreciation:Communications Equipment	Fixed Asset	0.00
Accumulated Depreciation:Computers & Peripherals	Fixed Asset	0.00
Accumulated Depreciation:Furniture & Fixtures	Fixed Asset	0.00
Accumulated Depreciation:Leasehold Improvements	Fixed Asset	0.00
Communications Equipment	Fixed Asset	0.00
Communications Equipment:Altoona	Fixed Asset	0.00
Communications Equipment:Baltimore-200E (formerly City)	Fixed Asset	0.00
Communications Equipment:Baltimore-Amtrak	Fixed Asset	0.00
Communications Equipment:Baltimore-Charles St	Fixed Asset	0.00
Communications Equipment:Damascus	Fixed Asset	0.00
Communications Equipment:District of Columbia-Amtrak	Fixed Asset	0.00
Communications Equipment:Easton	Fixed Asset	0.00
Communications Equipment:Harrisburg	Fixed Asset	0.00
Communications Equipment:Mt. Airy	Fixed Asset	0.00
Communications Equipment:New York-Amtrak	Fixed Asset	0.00
Communications Equipment:NOC (formerly Annapolis)	Fixed Asset	0.00
Communications Equipment:Philadelphia-401 N	Fixed Asset	0.00
Communications Equipment:Philadelphia-Amtrak	Fixed Asset	0.00
Communications Equipment:Philadelphia 2	Fixed Asset	0.00
Communications Equipment:Philadelphia 1	Fixed Asset	0.00
Communications Equipment:Pittsburgh	Fixed Asset	0.00
Communications Equipment:Salisbury	Fixed Asset	0.00
Communications Equipment:Wilkes-Barre	Fixed Asset	0.00
Computers & Peripherals	Fixed Asset	0.00
Computers & Peripherals:Baltimore City	Fixed Asset	0.00
Furniture & Fixtures	Fixed Asset	0.00
Leasehold Improvements	Fixed Asset	0.00
Accum. Amortization	Other Asset	0.00
Advance CoreTel Properties	Other Asset	0.00
Advance CoreTel Properties>Note Receivable - Acoustopia	Other Asset	0.00
Advance CoreTel Properties>Note Receivable - CoreTel Invst	Other Asset	0.00
Deposits	Other Asset	0.00
Due To/From CoreTel Comm	Other Asset	50.00
Licenses	Other Asset	0.00
Organization Costs	Other Asset	0.00
Accounts Payable	Accounts Payable	0.00
Covad Payable	Accounts Payable	0.00
Citi Card - MC	Credit Card	0.00
Citi Cards MC	Credit Card	0.00
Citi Mastercard	Credit Card	0.00
Accrued Expenses	Other Current Liability	0.00
Accrued Income Taxes	Other Current Liability	0.00
Accrued Salaries	Other Current Liability	0.00
Convertible Promissory Note	Other Current Liability	0.00
Current Portion of L/T Debt	Other Current Liability	0.00
Deferred Income Taxes	Other Current Liability	0.00
Due to - From Bret Mingo	Other Current Liability	0.00
Due To/From CoreTel America	Other Current Liability	0.00
Due To/From CoreTel DE	Other Current Liability	0.00
Due To/From CoreTel NY	Other Current Liability	0.00
Interest Payable	Other Current Liability	0.00
Karen Finnegan Loan	Other Current Liability	0.00
Note Payable - Covad	Other Current Liability	0.00
Old A/P	Other Current Liability	0.00
Payroll Liabilities	Other Current Liability	0.00
Payroll Tax Liability	Other Current Liability	0.00
Profit Sharing Plan Accrual	Other Current Liability	0.00
Sales Tax Payable	Other Current Liability	0.00
Lease Payable Arrow Capital 1	Long Term Liability	0.00
Lease Payable Arrow Capital 2	Long Term Liability	0.00

10:58 AM

01/06/05

CoreTel Illinois, Inc.

Account Listing

12/31/04

Account	Type	Balance
Lease Payable Arrow Capital 3	Long Term Liability	0.00
Lease Payable Arrow Capital 4	Long Term Liability	0.00
Lease Payable Arrow Capital 5	Long Term Liability	0.00
Capital Stock	Equity	0.00
Common Stock	Equity	-50.00
Common Stock Class A	Equity	0.00
Common Stock Class B	Equity	0.00
Dividends Paid	Equity	0.00
Opening Bal Equity	Equity	0.00
Owner's Capital	Equity	0.00
Owner's Capital:Draws	Equity	0.00
Owner's Capital:Investments	Equity	0.00
Paid-in-Capital	Equity	0.00
Retained Earnings	Equity	0.00
Treasury Stock	Equity	0.00
Fees	Income	0.00
Reciprocal Compensation	Income	0.00
Reimbursed Expenses	Income	0.00
Sales	Income	0.00
Services	Income	0.00
Sublease Rent	Income	0.00
Depreciation of Comm equip	Cost of Goods Sold	0.00
TELCO	Cost of Goods Sold	0.00
Advertising	Expense	0.00
Amortization Expense	Expense	0.00
Automobile Expense	Expense	0.00
Automobile Expense:Mileage	Expense	0.00
Automobile Expense:Parking	Expense	0.00
Automobile Expense:Taxi	Expense	0.00
Automobile Expense:Tolls	Expense	0.00
Bad Debt Expense	Expense	0.00
Bank Service Charges	Expense	0.00
Bank Service Charges:NSF Fees	Expense	0.00
Bank Service Charges:Wire Fee	Expense	0.00
Books & Publications	Expense	0.00
Cash Discounts	Expense	0.00
Communications Services	Expense	0.00
Computer Expenses	Expense	0.00
Computer Expenses:Domain Registration	Expense	0.00
Computer Expenses:Web Development	Expense	0.00
Consulting	Expense	0.00
Continuing Education	Expense	0.00
Contributions	Expense	0.00
Contributions:Campaign	Expense	0.00
Contributions:Charitable	Expense	0.00
Cost of Sales	Expense	0.00
Credit Card Fees	Expense	0.00
Depreciation Expense	Expense	0.00
Disability Insurance	Expense	0.00
Dues and Subscriptions	Expense	0.00
Dues and Subscriptions:Lobbying Registration	Expense	0.00
Equipment Lease Expense	Expense	0.00
Equipment Rental	Expense	0.00
Freight	Expense	0.00
Insurance	Expense	0.00
Insurance:Bus Owners	Expense	0.00
Insurance:Disability Insurance	Expense	0.00
Insurance:Employee Benefits	Expense	0.00
Interest Expense	Expense	0.00
Interest Expense:Finance Charge	Expense	0.00
Interest Expense:Loan Interest	Expense	0.00
Interest Expense:Mortgage	Expense	0.00
Investment Fee	Expense	0.00
Late Fees	Expense	0.00
Lease Payable Arrow Capital	Expense	0.00
Licenses and Permits	Expense	0.00
Management Fees	Expense	0.00
Marketing Materials	Expense	0.00

CoreTel Illinois, Inc.
Account Listing
12/31/04

Account	Type	Balance
Materials/Supplies	Expense	0.00
Meals and Entertainment	Expense	0.00
Meals and Entertainment:Entertainment	Expense	0.00
Meals and Entertainment:Meals	Expense	0.00
Medical - Reimbursed	Expense	0.00
Meetings & Seminars	Expense	0.00
Miscellaneous	Expense	0.00
Office Expenses	Expense	0.00
Office Supplies	Expense	0.00
Payroll - Employees	Expense	0.00
Payroll - Officers	Expense	0.00
Payroll Expenses	Expense	0.00
Payroll Services	Expense	0.00
Payroll Taxes	Expense	0.00
Payroll Taxes:Employee - Officer	Expense	0.00
Payroll Taxes:Employee - Other	Expense	0.00
Payroll Taxes:Employer FICA Match	Expense	0.00
Payroll Taxes:Federal Unemployment	Expense	0.00
Payroll Taxes:State Unemployment	Expense	0.00
Payroll Taxes:State Withholding	Expense	0.00
Penalties	Expense	0.00
Postage and Delivery	Expense	0.00
Printing and Reproduction	Expense	0.00
Professional Development	Expense	0.00
Professional Fees	Expense	0.00
Professional Fees:Accounting	Expense	0.00
Professional Fees:Legal Fees	Expense	0.00
Profit Sharing Plan	Expense	0.00
Recruiting	Expense	0.00
Referral Fee	Expense	0.00
Rent	Expense	0.00
Repairs	Expense	0.00
Repairs:Building Repairs	Expense	0.00
Repairs:Computer Repairs	Expense	0.00
Repairs:Equipment Repairs	Expense	0.00
Repairs:Janitorial Exp	Expense	0.00
Taxes	Expense	0.00
Taxes:Federal	Expense	0.00
Taxes:Franchise Tax	Expense	0.00
Taxes:Local	Expense	0.00
Taxes:Other	Expense	0.00
Taxes:Other:Sales	Expense	0.00
Taxes:Penalties	Expense	0.00
Taxes:Property	Expense	0.00
Taxes:State	Expense	0.00
Taxes:State:Delaware	Expense	0.00
Taxes:State:Maryland	Expense	0.00
Taxes:State:Massachusetts	Expense	0.00
Taxes:State:New Jersey	Expense	0.00
Taxes:State:New York	Expense	0.00
Taxes:State:Pennsylvania	Expense	0.00
Telephone	Expense	0.00
Trade Show	Expense	0.00
Trade Show:Booth Rental	Expense	0.00
Trade Show:Booth Vendors	Expense	0.00
Trade Show:Marketing	Expense	0.00
Trade Show:Travel-Accommodations	Expense	0.00
Trade Show:Travel-Fare	Expense	0.00
Travel	Expense	0.00
Travel:Accommodations	Expense	0.00
Travel:Fare	Expense	0.00
Travel:Rental Car	Expense	0.00
Travel & Ent	Expense	0.00
Travel & Ent:Entertainment	Expense	0.00
Travel & Ent:Meals	Expense	0.00
Travel & Ent:Travel	Expense	0.00
Uncategorized Expenses	Expense	0.00
Utilities	Expense	0.00

10:58 AM

01/06/05

CoreTel Illinois, Inc.

Account Listing

12/31/04

Account	Type	Balance
Utilities:Gas and Electric	Expense	0.00
Utilities:Water	Expense	0.00
Dividend Income	Other Income	0.00
Interest Income	Other Income	0.00
Interest Income:CoreTel Investments	Other Income	0.00
Other Income	Other Income	0.00
Realized Gains on Securities	Other Income	0.00
Unrealized Gains & Losses	Other Income	0.00
Loss on Disposal of Assets	Other Expense	0.00
Other Expenses	Other Expense	0.00